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## **China Regenerative Medicine International Limited**

**中國再生醫學國際有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8158)**

### **ANNOUNCEMENT OF UNAUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021**

#### **CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.**

**Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.**

## UNAUDITED FINANCIAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of China Regenerative Medicine International Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) is pleased to announce the unaudited consolidated results of the Group for the year ended 31 December 2021, together with the comparative figures for the year ended 31 December 2020. For the reasons explained in the section headed “REVIEW OF UNAUDITED ANNUAL RESULTS” below, the auditing process for the annual results of the Group for the year ended 31 December 2021 has not been completed.

### UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the year ended 31 December 2021*

	<i>Notes</i>	<b>2021</b> <i>HK\$'000</i> <b>(Unaudited)</b>	<b>2020</b> <i>HK\$'000</i> <b>(Audited)</b>
<b>Continuing operations</b>			
Revenue	3	<b>282,897</b>	185,339
Cost of sales		<b>(215,170)</b>	(140,328)
<b>Gross profit</b>		<b>67,727</b>	45,011
Other income, gain and loss		<b>6,082</b>	16,032
Selling and distribution expenses		<b>(4,392)</b>	(26,640)
Administrative and other expenses		<b>(43,054)</b>	(158,740)
Impairment loss on allowance for trade receivables		–	(663)
Recognition of expected credit loss on other receivables		<b>(2,688)</b>	(36,762)
Fair value gain on financial assets at fair value through profit or loss		–	2,340
Write off of deposits for acquisition of subsidiaries		–	(100,000)
Reversal of provision for the expected credit loss due to subsequent settlement		<b>41,353</b>	–
Finance costs	4	<b>(736)</b>	(17,906)
<b>Profit/(Loss) before tax from continuing operations</b>	5	<b>64,292</b>	(277,328)
Income tax expense	6	<b>(12,465)</b>	(12,380)

		2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Audited)
<b>Profit/(Loss) for the year from continuing operations</b>		<b><u>51,827</u></b>	<b><u>(289,708)</u></b>
<b>Discontinued operations</b>			
<b>Loss for the year</b>	7	<b><u>(38,479)</u></b>	<b><u>(149,120)</u></b>
<b>Profit/(Loss) for the year</b>		<b><u>13,348</u></b>	<b><u>(438,828)</u></b>
<b>Profit/(Loss) for the year attributable to:</b>			
Owners of the Company		<b>13,348</b>	(404,226)
Non-controlling interests		<b><u>–</u></b>	<b><u>(34,602)</u></b>
		<b><u>13,348</u></b>	<b><u>(438,828)</u></b>
<b>Other comprehensive income/(loss), net after tax:</b>			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange loss on translation of financial statements of foreign operations		<b>(1,139)</b>	(16,224)
<i>Item that may not be reclassified subsequently to profit or loss:</i>			
Financial assets at fair value through other comprehensive income		<b>–</b>	(21,482)
Release of translation reserves upon disposal of subsidiaries		<b><u>39,231</u></b>	<b><u>–</u></b>
<b>Other comprehensive income/(loss) for the year arising from continuing operations</b>		<b><u>38,092</u></b>	<b><u>(37,706)</u></b>
<b>Total comprehensive income/(loss) for the year</b>		<b><u>51,440</u></b>	<b><u>(476,534)</u></b>

		<b>2021</b>	2020
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Total comprehensive income/(loss) for the year attributable to:</b>			
Owners of the Company		<b>51,440</b>	(438,449)
Non-controlling interests		<u>–</u>	<u>(38,085)</u>
		<b><u>51,440</u></b>	<b><u>(476,534)</u></b>
<b>Total comprehensive income/(loss) for the year attributable to the owners of the Company arise from:</b>			
– Continuing operations		<b>50,688</b>	(327,414)
– Discontinued operations		<u>752</u>	<u>(149,120)</u>
		<b><u>51,440</u></b>	<b><u>(476,534)</u></b>
<b>Earnings/(loss) per share from continuing operations attributable to the owners of the Company:</b>			
Basic (HK\$)	9	<u><b>0.02</b></u>	<u>(0.18)</u>
Diluted (HK\$)	9	<u><b>0.02</b></u>	<u>(0.18)</u>
<b>Loss per share from discontinued operations attributable to the owners of the Company:</b>			
Basic (HK\$)	9	<u><b>(0.01)</b></u>	<u>(0.09)</u>
Diluted (HK\$)	9	<u><b>(0.01)</b></u>	<u>(0.09)</u>

# UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

		As at 31 December 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
	<i>Notes</i>		
<b>Non-current assets</b>			
Property, plant and equipment		753	1,304
Non-current rental deposits		—	7,571
		<u>753</u>	<u>8,875</u>
<b>Current assets</b>			
Inventories		384	1,378
Trade receivables	10	208	80
Deposits, prepayments and other receivables	11	247,867	137,391
Cash and bank balances		9,929	4,767
		<u>258,388</u>	<u>143,616</u>
<b>Current liabilities</b>			
Trade payables	12	89	7,996
Accrued charges and other payables	13	10,540	139,314
Contract liabilities		76,600	3,900
Lease liabilities		5,870	17,028
Shareholder's loans		29,954	20,295
Current tax liabilities		24,260	12,564
		<u>147,313</u>	<u>201,097</u>
<b>Net current assets/(liabilities)</b>		<u>111,075</u>	<u>(57,481)</u>

	As at 31 December 2021 <i>HK\$'000</i> (Unaudited)	As at 31 December 2020 <i>HK\$'000</i> (Audited)
<b>Total assets less current liabilities</b>	<b>111,828</b>	(48,606)
<b>Non-current liabilities</b>		
Lease liabilities	–	5,870
Deferred tax liabilities	<b>100</b>	674
	<b>100</b>	6,544
<b>NET ASSETS/(LIABILITIES)</b>	<b>111,728</b>	(55,150)
<b>Capital and reserves</b>		
Share capital	<b>570,858</b>	570,858
Reserves	<b>(459,130)</b>	(512,730)
Equity attributable to owners of the Company	<b>111,728</b>	58,128
Non-controlling interests	–	(113,278)
<b>TOTAL EQUITY/(CAPITAL DEFICIENCY)</b>	<b>111,728</b>	(55,150)

# NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2021*

## 1. GENERAL INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law (Revision 2001) of Cayman Islands on 20 April 2001. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2861, Grand Cayman, KY1-1111, Cayman Islands and its principal place of business is Suite 2310-2318, Miramar Tower, 132 Nathan Road, Tsim Sha Tsui, Kowloon, Hong Kong. The Company's shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The unaudited consolidated financial statements are presented in Hong Kong dollars ("**HK\$**") which is same as the functional currency of the Company and all amounts are rounded to the nearest thousand (HK\$'000) except otherwise indicated.

The Company is principally engaged in investment holding. Its subsidiaries are mainly engaged in the provision of healthcare business in the People's Republic of China (the "**PRC**") and Hong Kong Special Administrative Region of the PRC ("**Hong Kong**").

## 2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("**HKFRSs**")

### 2.1 Adoption of new/revised HKFRSs – effective on 1 January 2021

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2021 for the consolidated financial statements.

Amendments to HKFRS 9, HKAS 39,  
HKFRS 7, HKFRS 4 and HKFRS 16

Interest rate benchmark reform – phase 2

In addition, the Group has early applied Amendment to HKFRS 16, COVID-19-Related Rent Concessions beyond 30 June 2021, which is effective for annual periods beginning on or after 1 April 2021.

The application of the amendment to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

## 2.2 New or amended HKFRSs that have been issued but are not yet effective

Other than the Amendments to HKFRS 16 COVID-19-Related Rent Concessions, the Group has not applied any new and revised HKFRSs that have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective. These new and revised HKFRSs include the following which may be relevant to the Group.

Amendments to HKFRS 3	Business Combination – Reference to Conceptual Framework <sup>1</sup>
Amendments to HKAS 1	Presentation of Financial Statements – Classification of Liabilities as Current or Non-current <sup>2</sup>
Amendments to HKAS 1	Presentation of Financial Statements and HKFRS Practice Statement Making Materiality Judgements <sup>2</sup>
Amendments to HKAS 8	Accounting Policies, Change in Accounting Estimates and Errors – Definition of Accounting Estimates <sup>2</sup>
Amendments to HKAS 12	Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>2</sup>
Amendments to HKAS 16	Property, plant and Equipment: Proceeds before Intended Use <sup>1</sup>
Amendments to HKAS 37	Provision, Contingent Liabilities and Contingent Assets Onerous Contracts – Cost of Fulfilling a Contract <sup>1</sup>
Amendment to HKFRSs	Annual Improvements to HKFRSs 2018 – 2020 cycle <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2022.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2023.

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined.

The directors of the Company anticipate that the application of all these new and amendments to HKFRSs will have no material impact on the results and the financial position of the Group in the foreseeable future.

### 3. REVENUE AND SEGMENT INFORMATION

#### (a) Revenue

Revenue recognized for the year ended 31 December 2021

	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Audited)
Contracts with customers within the scope of HKFRS 15:		
<b>Continuing operations</b>		
Sales of goods (at a point in time)	11,629	1,528
Services income (over time)	<u>271,268</u>	<u>183,811</u>
	<b><u>282,897</u></b>	<b><u>185,339</u></b>
<b>Discontinued operations</b>		
Services income (over time)	<u>–</u>	<u>23,720</u>
	<b><u>–</u></b>	<b><u>23,720</u></b>
	<b><u>282,897</u></b>	<b><u>209,059</u></b>

#### (b) Segment Information

	Revenue from external customers		Specified non-current assets	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Audited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Audited)
<b>Continuing operations</b>				
Hong Kong	20,689	4,068	753	320
The PRC (domicile)	<u>262,208</u>	<u>181,271</u>	<u>–</u>	<u>–</u>
	<b><u>282,897</u></b>	<b><u>185,339</u></b>	<b><u>753</u></b>	<b><u>320</u></b>
<b>Discontinued operations</b>				
The PRC (domicile)	<u>–</u>	<u>23,720</u>	<u>–</u>	<u>–</u>
	<b><u>–</u></b>	<b><u>23,720</u></b>	<b><u>–</u></b>	<b><u>–</u></b>
	<b><u>282,897</u></b>	<b><u>209,059</u></b>	<b><u>753</u></b>	<b><u>320</u></b>

#### 4. FINANCE COSTS

	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Audited)
<b>Continuing operations</b>		
Interest on other borrowings	174	14,494
Interest on lease liabilities	562	1,078
Interest on liability component of convertible bonds	—	2,334
	<u>736</u>	<u>17,906</u>

#### 5. PROFIT/(LOSS) BEFORE INCOME TAX

Profit/(loss) before income tax expense from continuing operations is arrived at after charging/(crediting):

	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Audited)
Auditor's remuneration	1,000	950
Depreciation of owned property, plant and equipment	61	1,731
Advertising and marketing, included in selling and distribution expenses	817	22,697
Equity-settled share-based payments	2,160	2,234
Exchange difference, net	14	275
Short term lease expense	309	552
Low value lease expenses	—	106
Research and development costs	—	368
	<u>16,378</u>	<u>49,377</u>
Employee benefit expenses (including directors' emoluments)	16,378	49,377
Less: Employee benefit expenses included in research and development costs	—	(368)
	<u>16,378</u>	<u>49,009</u>

#### 6. INCOME TAX EXPENSE

Income tax relating to continuing operations has been recognised in the statement of profit or loss as follows:

	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Audited)
Current tax – PRC	12,365	12,380
Deferred tax	100	—
	<u>12,465</u>	<u>12,380</u>

## 7. DISCONTINUED OPERATIONS

During the year under review, the Group disposed of its subsidiaries which its operation in cell & cosmetics products and services segments were ceased. The result of discontinued operations are set out below.

	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Audited)
Revenue	444	23,720
Expenses	<u>(434)</u>	<u>(136,409)</u>
Profit/(loss) before tax	10	(112,689)
Income tax	–	135
Loss on disposal of subsidiaries	<u>(38,489)</u>	<u>(36,566)</u>
Loss for the year from discontinued operations	<u><b>(38,479)</b></u>	<u><b>(149,120)</b></u>

## 8. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company (“Shareholders”) for both years ended 31 December 2021 and 2020, nor has any dividend been proposed since the end of the reporting period.

## 9. EARNINGS/(LOSS) PER SHARE

	2021 <i>HK\$</i> (Unaudited)	2020 <i>HK\$</i> (Audited)
Earnings/(Loss) per share attributable to the owners of the Company:		
From continuing operations	0.02	(0.18)
From discontinued operations	<u>(0.01)</u>	<u>(0.09)</u>
	<u><b>0.01</b></u>	<u><b>(0.27)</b></u>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Earnings/(Loss) attributable to the owners of the Company used in calculating basic loss per share:		
From continuing operations	51,827	(289,708)
From discontinued operations	<u>(38,479)</u>	<u>(149,120)</u>
	<u><b>13,348</b></u>	<u><b>(438,828)</b></u>
Weighted average number of ordinary shares in issue (thousands)	<u><b>2,854,290</b></u>	<u><b>1,606,772</b></u>

**(a) Basic earnings/(loss) per share**

The calculation of unaudited basic earnings/(loss) per share is based by dividing the result attributable to the owners of the Company of HK\$13,348,000 (2020: loss of HK\$404,226,000) and the weighted average number of 2,854,289,500 ordinary shares in issue (2020: 1,606,772,000 ordinary shares in issue) during the year under review.

**(b) Diluted earnings/(loss) per share**

Diluted earnings/(loss) per share for the years ended 31 December 2020 and 2021 are the same as basic earnings/(loss) per share because the impact of the exercise of share options and convertible bonds was anti-dilutive.

**10. TRADE RECEIVABLES**

As at 31 December 2021, ageing analysis of trade receivables based on sales invoice date and net of provisions, is as follows:

	<b>2021</b> <b>HK\$'000</b> <b>(Unaudited)</b>	<b>2020</b> <b>HK\$'000</b> <b>(Audited)</b>
0-90 days	<u>208</u>	<u>80</u>
	<b>208</b>	<b>80</b>

**11. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**

	<b>2021</b> <b>HK\$'000</b> <b>(Unaudited)</b>	<b>2020</b> <b>HK\$'000</b> <b>(Audited)</b>
Rental deposit	7,571	4,408
Other deposits	2,023	7,491
Prepayment	41,362	8,601
Other receivables	<u>199,599</u>	<u>173,682</u>
	<b>250,555</b>	<b>194,182</b>
Less: Impairment losses of other receivables	<u>(2,688)</u>	<u>(56,791)</u>
	<b>247,867</b>	<b>137,391</b>

**12. TRADE PAYABLES**

	<b>2021</b> <b>HK\$'000</b> <b>(Unaudited)</b>	<b>2020</b> <b>HK\$'000</b> <b>(Audited)</b>
0-30 days	<b>84</b>	87
31-60 days	<b>5</b>	25
1 year or over 1 year	<b>–</b>	7,884
	<b>89</b>	<b>7,996</b>

**13. ACCRUED CHARGES AND OTHER PAYABLES**

	<b>2021</b> <b>HK\$'000</b> <b>(Unaudited)</b>	<b>2020</b> <b>HK\$'000</b> <b>(Audited)</b>
Accrued charges	<b>3,707</b>	13,739
Other payables	<b>6,833</b>	120,311
Government assistances	<b>–</b>	5,264
	<b>10,540</b>	<b>139,314</b>

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

#### **Healthcare products and services**

The Group provides healthcare products and services to its customers in Hong Kong since December 2015 and commenced selling of health and beauty membership in the PRC in 2021. There are currently two medical aesthetic centres in Hong Kong and the PRC. One of the centres, namely the Hong Kong International Regenerative Centre, is located in Tsim Sha Tsui, Hong Kong. The other centre is located in Jiangsu, the PRC. The centre in the PRC is operated by a designated service provider, Changzhou XingKong Medical Clinic Co., Ltd.\*, a limited liability company in the PRC in which Mr. Wang Chuang acted as the chief executive officer between 2015 and 2019.

The objective of the healthcare products and services segment is to promote health management which is a trend over the world in recent years. The Group emphasises the concept of the co-relation between beauty and health.

In the centres, a series of health management services such as assessment of health situation, treatment for detox, balance of inner body, nourishing organs, enhancement of immune system will be provided. Beauty services are mainly non-surgical medical aesthetic services, basic skincare, solutions for youthful skin, hair revitalizing, lines firming, partial remodelling and intimate repairing.

The clients of the healthcare products and services segment are individual retail clients of Hong Kong and the PRC. The Group solicits clients primarily through referrals from existing clients, co-operated doctors and trained therapists in the medical aesthetic centres and word-of-mouth. The clients are individuals who would pay for the treatments, services or products upon each visit or by prepayment.

The major suppliers of the healthcare products and services segment are mainly distributors of medications and treatment products and devices to the Group. The Group reached its suppliers through referrals from agents and online platforms.

\* The Company's name is identifiable as 常州市星空醫療美容門診有限公司

The co-operated doctors and therapists have been provided with training by the Group to understand the objective and services of the healthcare products and services segment. Tailor-made suggestions for health assessment and treatment solution will be offered to different clients to cater for their individual needs. Prime location, sound reputation, high hygiene standard, cozy environment of the medical aesthetic centres together with the advanced treatment devices are key factors to retain and attract new clients. Online marketing such as social media is also a way of promoting the healthcare products and services segment recently. The Group from time-to-time sources better treatment devices to be provided to clients so as to gain more positive feedbacks.

With the above competitive advantages and establishment of selling membership in the PRC of the healthcare business, the Group recorded a growth of 53% in terms of revenue in this sector for the year ended 31 December 2021. It is expected that the Group will devote more resources on this business to further expand the healthcare products and services segment and increase the market sharing by way of strengthening the client and membership base.

Healthcare has become a popular topic around the world in recent years. The COVID-19 pandemic further arouses the pursuit for health maintenance to the public. At the material time, the COVID-19 pandemic was widely spread and lock down measures were imposed by the government. Intensive online enquiry services and talks for health promotion organized via social media brought popularity to the healthcare products and services segment. The Group was able to grasp the opportunity and laid the foundation for the promotion of its healthcare products and services segment. Upon relief of pandemic situation and relief of the lock down measures in the second half of 2021 in the PRC, increasing number of customers visited the centres for consuming various health and beauty services, hence leading to a boost in the performance of the healthcare products and services segment.

The Directors considered that the healthcare products and services segment has great potential and it is the plan of the Company to further expand this business. However, in view of the recent slowdown in the economy, the Company will keep an eye on the latest development of market conditions from time to time and adopt expansion measures in this segment which may include opening more centres and/or co-operating with additional quality service providers hospitals or Sanatorium.

## **FUTURE PROSPECT**

The Group continues to strive for opportunity to widen its business scope in the medical industry and reallocate its resources when appropriate, to strengthen and maintain as one of the leading pioneers in the healthcare products and services.

## **FINANCIAL REVIEW**

### **Result**

The Group recorded a revenue of approximately HK\$282.9 million for the year ended 31 December 2021, representing an increase of 53% from last year (2020: HK\$185.3 million). Gross profit increased by 50% to approximately HK\$67.7 million from last period (2020: HK\$45.0 million), whereas gross profit margin kept steady at 24%. The Group recorded a profit for the year ended 31 December 2021 of approximately HK\$13.3 million (2020: a loss of HK\$438.8 million).

The overall increase in revenue was primarily attributable to the increase in revenue in the segment of healthcare products and services. This was due to the extension of sales network in the PRC.

During the year under review, the Group recorded a profit attributable to owners of the Company of approximately HK\$13.3 million, as compared to a loss of approximately HK\$404.2 million in 2020. The Group reported a turnaround in profit during the year under review and boosting of sales of healthcare product and services membership which was mainly attributable to the corresponding reasons (i) reversal of provision of expected credit loss due to subsequent settlement approximately HK\$41.4 million; and (ii) an increased in revenue by approximately HK\$97.6 million. For the year ended 31 December 2021, the earning per share attributable to the owners of the Company was HK\$0.01 (2020: a loss of HK\$0.27).

The Group's total operating expenses for the year ended 31 December 2021 amounted to approximately HK\$47.4 million, representing an decrease of 74.4% as compared to last year (2020: HK\$185.4 million), which mainly attributed to change in classification of operating costs of the Group after disposal of subsidiaries which were engaged in cosmetics and cell products and services segments.

### **Net Assets**

As at 31 December 2021, the Group recorded net current assets of HK\$111.1 million (2020: net current liabilities of HK\$57.5 million) and net assets of HK\$111.7 million (2020: net liabilities of HK\$55.2 million). The net current assets and net assets were mainly attributable to the profit of 2021 from continuing operations of approximately HK\$51.8 million and the loss for the year from discontinued operation of approximately HK\$38.5 million incurred during the year under review. The Board will closely monitor the development and operation of the continuing operating businesses and improve the financial position of the Group. The statement of changes in equity for the year ended 31 December 2021 will be disclosed in annual report 2021.

## **LIQUIDITY AND FINANCIAL RESOURCES**

### **Cash and Bank Balances**

As at 31 December 2021, the Group had cash and bank balances of approximately HK\$9.9 million (2020: HK\$4.8 million).

### **Working Capital and Gearing Ratio**

As at 31 December 2021, the Group had current assets of approximately HK\$258.4 million (2020: HK\$143.6 million), while its current liabilities stood at approximately HK\$147.3 million (2020: HK\$201.1 million), representing a net current assets position with a working capital ratio (i.e. current assets to current liabilities) of 1.75 (2020: 0.71). The gearing ratio of the Group as at 31 December 2021, calculated as total bank and other borrowings to total equity was 0.36 (2020: 0.5).

## **TREASURY POLICY**

The Group has adopted a prudent financial management approach towards its treasury policy. To manage the liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

## **FOREIGN EXCHANGE EXPOSURE**

The Group's business transactions, assets and liabilities are principally denominated in Renminbi and Hong Kong dollars. The Directors consider that the risk of foreign exchange exposure of the Group is manageable. The management will continue monitoring the foreign exchange exposure of the Group and is prepared to take prudent measures such as hedging when appropriate actions are required.

## **CAPITAL AND OTHER COMMITMENTS**

As at 31 December 2021, the Group had no capital and other commitments.

## **SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS/ DISPOSAL OF SUBSIDIARIES AND AFFILIATED COMPANIES**

Save as disclosed in note 7 in this announcement, the Group had no significant investment, material acquisitions or disposal of subsidiaries and affiliated companies during the year ended 31 December 2021.

## **CHARGES OF ASSETS AND CONTINGENT LIABILITIES**

As at 31 December 2021, the Group had no material charge of assets or contingent liabilities (2020: Nil).

## **DETAILS OF FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS**

Save as disclosed in this announcement, the Group has no future plan for material investment or capital assets.

## **EMPLOYEE INFORMATION AND REMUNERATION POLICIES**

As at 31 December 2021, the Group had 21 (2020: 172) employees located in Hong Kong and the PRC. As an equal opportunity employer, the Group's remuneration and bonus policies are determined with reference to the performance and experience of each individual employee.

## **OTHER INFORMATION**

### **Purchase, Sale and Redemption of Shares**

During the year under review, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

## **Compliance with the Code on Corporate Governance Practices**

The Board is committed to maintaining a high standard of corporate governance practices. The Group believes that high standard of corporate governance provides a framework and solid foundation for achieving, attracting and retaining the high standard and quality of the Group's management, promoting high standards of sound internal control, accountability and transparency to all Shareholders and also meeting the expectations of the Group's various stakeholders.

The Company has complied with all the code provisions as set out in the Corporate Governance Code and Corporate Governance Report contained in the Appendix 15 of the GEM Listing Rules (the “**CG Code**”) throughout the Reporting Period, with the exception of code provision C.2.1 of the CG Code.

Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing. As Mr. Wang Chuang was appointed as both the chairman and the chief executive officer of the Company, following the resignation of Mr. Wang Xuejun as executive Director and chief executive officer of the Company on 9 July 2020, such practice deviates from code provisions C.2.1 of the CG Code. The Board believes that vesting the roles for both the chairman and the chief executive officer of the Company in the same person can facilitate the execution of the Group's business strategies and boost effectiveness of its operation. Therefore, the Board considers that the deviation from the code provision C.2.1 of the CG Code is appropriate in such circumstance. In addition, under the supervision of the Board which comprised of one executive Director, one non-executive Director and three independent non-executive Directors, the Board is appropriately structured with balance of power to provide sufficient checks to protect the interests of the Company and its Shareholders.

## **Code for Securities Transactions by Directors**

The Company has adopted a code of conduct regarding Directors' securities transactions as set out in the GEM Listing Rules as the required standard for securities transactions by the Directors. Having made specific enquiry of all Directors, each of the Directors, has confirmed that they have fully complied with the required standards of dealings regarding securities transaction by the Directors as set out on the GEM Listing Rules throughout the Reporting Period.

## **Audit Committee**

The audit committee of the Company (the “**Audit Committee**”) consists of Ms. Huo Chunyu, Mr. Leung Man Fai and Dr. Liu Ming, all of whom are the Company’s independent non-executive Directors. The chairman of the Audit Committee is Mr. Leung Man Fai.

## **REVIEW OF UNAUDITED ANNUAL RESULTS**

A number of factors has caused the delay in completion of audit work of the 2021 annual results: (i) implementation of the tightened COVID-19 prevention and control quarantine measures in the Peoples’s Republic of China (the “**PRC**”) and Hong Kong in the past few weeks; (ii) delays in receiving audit confirmations from banks resulting from provision of limited services within the PRC and Hong Kong; and (iii) employees of the Company’s auditors (the “**Auditors**”) were tested positive for COVID-19, which affected the ability to access and gather necessary documents and information required for the audit work on a timely basis.

The unaudited annual results contained herein have not been agreed with the Auditors as required under Rule 18.49 of the GEM Listing Rules because the Auditors have not completed the auditing procedures for the financial result of the Group for 2021. An announcement relating to the audited results will be made when the auditing process has been completed in accordance with Hong Kong Standards on Auditing issued by Hong Kong Institute of Certified Public Accountants.

Based on the recent discussion with the Auditors, the Company expects the audit procedures to be completed within two weeks, and expects one to two more weeks are required to finalise and despatch its annual report for the year ended 31 December 2021 (the “**Annual Report**”). Barring any unforeseen circumstances, the audit procedures will be completed and thus the Annual Report will be despatched by the end of April 2022.

The unaudited annual results for 2021 have been reviewed by the Audit Committee.

## **FURTHER ANNOUNCEMENT(S) AND DELAY IN DESPATCH OF THE ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2021**

Following the completion of the auditing process, the Company will issue further announcement(s) in relation to (i) the audited results for the year ended 31 December 2021 as agreed by the Company's auditors and the material differences (if any) as compared with the unaudited annual results contained herein; (ii) the proposed date on which the forthcoming annual general meeting of the Company (the "AGM") will be held; and (iii) the period during which the register of members of the Company will be closed in order to ascertain Shareholders' eligibility to attend and vote at the AGM. In addition, the Company will despatch the Annual Report according to the GEM Listing Rules and, in any event, not later than the end of April 2022.

Further announcement(s) will be published in relation to the update on the timetable of the announcement for the annual results and the annual report as soon as practicable to keep the shareholder and potential investors of the Company informed.

**The financial information of the Group for the year ended 31 December 2021 contained herein in respect of the annual results of the Group has not been audited and have not been agreed with the Auditors. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.**

*For the purpose of this announcement, unless otherwise specified or the context requires otherwise, "\*" denotes an English translation of a Chinese name and is for identification purpose only. In the event of any inconsistency, the Chinese names shall prevail.*

By Order of the Board

**China Regenerative Medicine International Limited**

**Wang Chuang**

*Chairman, Chief Executive Officer and Executive Director*

Hong Kong, 31 March 2022

*As at the date of this announcement, the executive Director is Mr. Wang Chuang (Chairman and Chief Executive Officer); the non-executive Director is Mr. Tsang Ho Yin; and the independent non-executive Directors are Dr. Liu Ming, Ms. Huo Chunyu and Mr. Leung Man Fai.*

*This announcement, for which the Directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

*This announcement will remain on the “Latest Listed Company Information” page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least seven days from the date of the publication and will be published on the website of the Company at [www.crmi.hk](http://www.crmi.hk).*